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21 November 1951

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SECTION 1 (SOVIET)

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2. Status of medical supplies and evacuation facilities in the Soviet Zone of Germany:

[redacted] Soviet medical depots are located in Fuerstenwalde-Waldfrieden, Potsdam and Markersdorf in the Soviet Zone of Germany. [redacted]

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[redacted] does not indicate an unusual build-up of medical supplies by the Soviet forces in Germany. Specific information on type or amount of supplies on hand at the depots and on evacuation and clearing facilities is not available; as far as could be observed, however, stocks in the depots are kept at normal levels with resupply from the USSR. It is believed improbable that facilities designed to speed up the evacuation of wounded are being set up at present although plans have probably been prepared for such measures in the time of war. [redacted]

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3. INTERNATIONAL COMMUNISM. WFTU General Council conference acts as tool for Soviet international policies and propaganda: Although the Communist World Federation of Trade Unions claims to represent 80 million workers from 64 countries, the current General Council meeting in East Berlin is reportedly proceeding in a routine and lethargic manner attended by only 30 national delegations of one or two members each.

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Secretary General Saillant's report called for defeat of the US "discriminatory" international trade policy, and for restoration of "normal" commercial relations between socialist and capitalist states.

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leading to a plug for the Moscow Economic Conference planned for next April. The Western rearmament program also came in for some attention when French CGT leader Frachon openly ordered infiltration into non-Communist labor unions in order to cripple the Western military program.

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Comment: This report casts doubt on the claim of WFTU president Di Vittorio that more countries are represented at this meeting than at any previous international trade union conference. Di Vittorio, in welcoming the delegations, singled out for special mention those from Japan, British Guiana, Egypt, the Sudan, and other African countries which had sent representatives for the first time, and the Latin Americans who, he claimed, had come from 12 of the 20 republics.

4. BULGARIA. Note to UN protests Greek provocations: On 16 November the Bulgarian Minister of Foreign Affairs presented a note to the UN Secretariat protesting provocations and frontier violations committed by Greek authorities on the Bulgarian-Greek frontier. The recent ambush-killing of a frontier guard, the kidnapping of two others, and several cases of unprovoked attacks upon Bulgarian frontier patrols were cited as evidence of the "increasingly better organized and openly aggressive" policy of the Greek Government toward Bulgaria. Greece was also charged with having conducted flights "penetrating deeply into Bulgarian territory" for the purpose of collecting information.

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Comment: During the past few weeks charges and counter charges concerning border provocations have been registered by almost all of the southeast European states. It is noteworthy that this flurry of complaints has been coincident with the meeting of the UN General Assembly in Paris.

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5. RUMANIA. Swiss receive indemnification under trade arrangement.

the Swiss-Rumanian trade agreement was put into temporary effect on 15 August and, upon ratification, will remain in effect until 1 July 1952, with provision for renewal. A single payments account is to be established in the Swiss National Bank.

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Rumania will deliver 20,000 tons of oil described as "huile combustible (mazout)" and will receive 600,000 Swiss francs (\$138,000) worth of ball bearings.

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Switzerland is to be reimbursed for all claims against Rumania by reason of nationalization of Swiss-owned property in the sum of 47.5 million Swiss francs and a 50 million lei (approximately \$350,000)

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trade credit in the Rumanian State Bank. A Swiss commission has already arrived in Bucharest to work out details. [REDACTED]

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Comment: Under the terms of agreement on export controls between the US and Switzerland, the latter agreed to ship limited quantities of strategic ball bearings to the Soviet bloc.

7. YUGOSLAVIA. Tito reported ready to proceed with the rapid extension of collectivization: The Yugoslav President of the Council of Agriculture, Majal Todorvic, has announced that a rapid extension of collectivization will be pursued by the regime. Todorvic warns that the independent peasants will soon discover that they can not work their land holdings profitably for under the new system of free market prices speculation will disappear and the peasants will be forced to join the collectives.

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The Yugoslav Minister launched his policy statement with a condemnation of "reactionary circles in the West" which, he said, were criticizing and opposing Yugoslavia's economic policies for devious reasons that coincided with the hostile activities of the Cominform against Yugoslavia. [REDACTED]

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Comment: At the present time there are in Yugoslavia 6,094 peasant cooperatives which embrace 18 percent of the peasant households and cultivate approximately 22 percent of the arable land.

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Rather than signalling a rapid and systematic extension of collectivized farming, the speech is probably part of a general effort to consolidate the cooperatives by means of threats of further economic discrimination against independent farmers and promises of new equipment -- the Government is reported to have purchased 2,190 new tractors and plows in Western Europe -- and easier credit for members. Further, it is probably designed to end the rumors concerning an abandonment of collectivization resulting from Western pressure and to reassure Party doctrinaires and agrarian officials.

A new collectivization drive will probably be launched only when more equipment is available and food collections are adequate.

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SECTION 2 (EASTERN)

1. INDIA. Air service to Afghanistan licensed: On 22 November the Himalayan Aviation Company, Ltd., will commence a weekly air service to Afghanistan via Amedabad, Karachi (Pakistan), Zahidan (Iran), Kandahar (Afghanistan), and Kabul. The circuitous route via Iran was chosen because of Pakistan's refusal to permit flights via Peshawar across the "prohibited" areas of its western frontier. [REDACTED]

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Comment: The nature of passengers or cargo to be carried by this service has not yet been indicated. Previous airlines flying into Afghanistan have found the venture unprofitable for lack of return cargoes. The airfields at Zahidan and Kandahar are undeveloped and have almost no maintenance, refueling or other facilities.

2. INDIA/JAPAN. Indian political activities are alienating Japan: Recent Indian political positions have produced a strongly unfavorable reaction among Japanese conservative political leaders, moderate Socialists, government officials, business interests, and anti-Communists responsible for current Japanese policies and attitudes. These positions include opposition to the Japanese peace treaty, recommendations that South Sakhalin and the Kurile Islands be ceded to the USSR, failure to recognize the dangers of Communist aggression, emphasis upon Asia for the Asians, and association with Japanese neutrality and anti-rearmament campaigns, many of which have been vociferously acclaimed by Japanese left-wing Socialist and labor minority groups. Indian efforts to obtain Japanese support for an Asian "third force" movement are therefore having an effect contrary to that desired. [REDACTED]

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Comment: India in 1948 aspired to lead a "third force" of all non-Soviet Asian nations. It is now apparently antagonizing the last non-Communist Asian country, except Burma, which would have been eager to establish friendly political and economic relations with it.

3. MALAYA. New Communist tactics aggravate Malayan situation. The activity of Communist-led bandits has been substantially higher during the past week than in any similar period since 1948. The most ominous development is the approaching labor crisis on large rubber plantations, where 10,000 rubber tappers are already idle as a result of Communist threats to kill any tapper who defies a no-work order. The US Consulate General expresses alarm that there is apparently no means of combatting this new and eminently successful technique. [REDACTED]

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Comment: This tactic has not been employed before by the Communists, probably because it would create a hostile reaction among the workers in the long run. It has apparently been reserved, therefore, for use at some such critical juncture as now, when new appointments to the top posts in the Malayan administration have just been or are about to be made and new vigor is promised in the British suppression campaign.

4. BURMA/CHINA. Burmese Communists allegedly ordered to establish parallel government: The Far East Air Force forwards a [] report stating that the Burmese Communists have been ordered by the Chinese to assemble in northern Burma and establish a parallel government there. [] when this has been accomplished, the Chinese will assist the Burmese Communists in "liberating the rest of Burma." [] comments that the Chinese have undoubtedly furnished some aid to dissident elements in Burma and that the country is certain to be a target in any plans the Chinese Communists may have for expanding into Southeast Asia. []

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5. Burmese request for flight privileges into China reported: The US Army Attache in Rangoon states he has received [] report that the Union of Burma Airways has applied to Peiping to develop flight services into China. If the permission is granted, the Attache continues, the UBA will be able to inaugurate the service within one month. []

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Comment: The UBA is a government monopoly. Although this report cannot be confirmed, it is entirely possible that the Burmese made such an approach to Peiping. If agreement is reached, and service commenced, Burma would be the only country, other than the USSR, to have civil air access to Communist China.

Chinese Communist interest in inaugurating air service with South Asian countries was indicated last summer by a report that the Peiping Government was willing to subsidize a projected airline from India to China.

6. CHINA. Chinese Communist troops reportedly arriving in South China; [] two reports indicating that sizeable Chinese Communist troop movements are heading toward South

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China. One report claims that 20,000 troops of the Fourth Field Army under Teng Hua, deputy commander of the Chinese Communist troops in Korea, recently left Korea for South China and are now located along the Canton-Hankow railway for regrouping with reinforcements from South China. The other report states that [redacted]

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[redacted] in late October saw a considerable number of troops and guns heading south.

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The Attache comments that this may be part of a normal rotation program for troops in Korea or that it may be connected with recent reports of Korean casualties arriving in Hankow and being sent on to Canton. [redacted] accepts the presence of 15,000 to 20,000 troops on the railway north of Canton. [redacted]

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Comment: Other reports have indicated a recent movement of approximately 20,000 to 25,000 unidentified troops from the north to the Canton area, probably for regrouping. At the same time reports have been received which claim that elements of the Fourth Field Army are moving out of the Canton area, probably to Kwangsi.

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7.

Chinese Communists reportedly complete defense works opposite Formosa: [redacted]

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[redacted] the Chinese Communists announced completion of the coastal defense works in Fukien province with especially heavy concentrations in and around the port of Amoy, directly opposite Formosa.

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The US Embassy in Taipei comments that this report should not be discarded as mere propaganda, since the Chinese Communists have long been working on these defenses. [redacted]

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Comment: Other reports have indicated that the build-up of airfields and ports in Fukien, reported in progress during the past year, appears to be primarily of a defensive nature.

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9. Munitions plants for Viet Minh to be opened in South China: A report dated 14 November [] states that the Chinese Communists are opening munitions plants near the Indochina border to repair Viet Minh equipment and provide them with ammunition. The primary plant is reportedly being built at Pinghsiang, with a subordinate plant at Fangcheng. The technicians for these plants were supposed to be transferred from arsenals at Canton and Honkow, and a Russian named Palkow is to head the Pinghsiang weapons repair plant. []

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Comment: This [] report may be a repetition of Hong Kong press reports of May 1951 which asserted that the Communists were setting up arsenals at Pinghsiang and Fangcheng, with workers from the Canton arsenal and the assistance (at Pinghsiang) of a Russian named Pakoff.

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10. Soviet bloc tankers en route to China: Two Soviet bloc tankers were observed en route to Communist China in November. The Soviet tanker Sovetskaya Neft (8,288 GT) was sighted on 15 November in the Yellow Sea en route to Tsingtao or Dairen. In early November the Polish tanker Karpathy (6,487 GT) passed Istanbul en route from Contanta to the Far East, ostensibly Vladivostok but possibly China. []

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Comment: The arrival of these two tankers would raise the total number of tanker trips made to Communist China in 1951 to nine. Since these tankers can load nearly 10,000 tons each, total tanker shipments to Communist China in 1951 will probably amount to 80,000 to 90,000 tons, which is a significant proportion -- perhaps 20 percent of the estimated essential civilian oil requirements of Communist China.

11. KOREA. Airfield construction work south of Pyongyang again noted: Recent UN aerial reconnaissance has revealed considerable repair at Onjong-ni airfield northwest of Chinnampo, with all except one bomb crater filled. A new airfield was also observed less than ten miles southeast of Pyongyang. []

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Comment: While the construction activity on these fields has not reached the present pitch of activity at fields in the Sinanju area, it

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is interesting to note that forward airfields are being kept in repair and new ones are being built. It is probable that these fields are currently for emergency purposes or for staging small scale harassing attacks on UN installations.

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13. ROK envisages release of POW's originally conscripted in South Korea by Communists: The US Military Attache in Korea reports that a joint US-ROK Army plan is under discussion concerning South Koreans captured by North Koreans, forcibly inducted into the Communist army, and subsequently recaptured by UN forces. The proposed plan for this group, treated currently as POW's, is to distribute them throughout South Korean provinces "for reeducation and indoctrination." Pressure from relatives of the prisoners and the POW's themselves has prompted this plan. Approximately 50 percent of the 40,000 now interned will be released and carefully scrutinized by the South Korean army in hopes that they can be salvaged for future military and civilian use.

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Comment: Reflecting these plans, the ROK National Assembly has recommended that repentant Communists who desire to become faithful citizens with ensuing privileges may do so by taking a loyalty oath. It was further proposed that committees be established in all local administrative districts to determine the loyalty of former Communists. This offer is probably also directed at guerrilla elements in South Korea.

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14. CINCUNC-ROK aid agreement conference collapses: There is no word to date from the Korean delegate regarding resumption of the CINCUNC-ROK aid agreement negotiations which collapsed on 13 November over the issues of joint control of the allocation and use of Korean foreign exchange and a program of foreign trade. The Koreans contend that "such controls would be interpreted locally as undue infringement of their sovereignty." A South Korean counterproposal to the UNC was that a report on the "periodic allocation of foreign exchange.....shall be (transmitted) to CINCUNC." The CINCUNC delegate informed the Koreans that such an arrangement was "impossible."

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Comment: Ambassador Muccio has informed President Rhee that as long as the US or the UN finances substantial economic aid to South Korea it is necessary for either the US or the CINCUNC to maintain the right of concurrence in such allocations.

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SECTION 3 (WESTERN)

1. FRANCE. Assembly's approval of European Army in the balance: The French National Assembly is now in "full ferment" with respect to the European Defense Force, although the US Embassy believes that the final vote will be favorable. Since, however, the Socialists may still force a foreign affairs debate on 21 November before the government can benefit from its sudden "frantic missionary work" among "critical deputies," the government's freedom of action in forthcoming negotiations may be restricted.

Numerous Socialists still argue that a "last" effort for German unification and neutralization should be made before a final decision is reached on the European Army. Many Socialist and other deputies are supporting the Gaullist thesis that France must be permitted to maintain troops in Europe outside the EDF framework. [REDACTED]

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Comment: This is the first indication that the ~~Pleven~~ government faces an immediate and serious challenge on a major foreign policy issue as well as on basic economic difficulties.

The Socialists, who are basically opposed to German rearmament in any form, initially gave only reluctant approval to the EDF plan. A year ago in Washington former Defense Minister Moch, a Socialist, stubbornly held to his party's views by ruling out the creation of German divisions, and the French Government's recent concessions on this point have apparently antagonized the Socialists.

2. France is unwilling to grant further concessions to Tunisians: The French Foreign Office has told the US Embassy in Paris that discussions with a Tunisian delegation are under way regarding replacement of the Tunisian Grand Council by a representative Assembly of limited powers and creation of an all-Tunisian Cabinet. France, however, will not change the governmental structure of Tunisia until municipal reforms have been carried out.

The French may form a joint French-Tunisian commission to consider additional reforms when present discussions end. In light of present discussions, they contemplate extending the Grand Council term, which expires soon, but are not likely to agree to an all-Tunisian cabinet. [REDACTED]

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Comment: The French realize that unless the Tunisian delegation receives some satisfaction, native dissatisfaction with French administration of Tunisia will sharply intensify. Vested French interests in Tunisia, however, strongly oppose even the present reforms and are pressuring the

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French Government not to alter the status quo. The current impasse is likely to continue into 1952.

3. NETHERLANDS. Dutch see possibility of war in September 1952: The Netherlands Defense Minister refused responsibility for fulfillment of the Dutch defense program if equipment shortages prevent his country from fielding a combat-equipped division in time for the SHAPE maneuvers next September. The Dutch still maintain that these maneuvers coincide with "the moment of greatest danger" and will not accept responsibility for sending an incompletely equipped division toward "possible combat." [redacted]

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Comment: The Dutch have previously referred to September 1952 as the "moment of greatest danger," but without giving a reason.

4. Dutch believe that European Defense Forces depend on German admission to NATO: The Dutch Foreign Minister has stated that his government continues to favor the idea of a European Defense Force, but has expressed concern over the slow progress at the Paris conference and the consequent difficulty of obtaining German participation in the plan. He added that the best solution would be prompt admission of Germany to NATO.

Fearful lest Benelux constitutional limitations should prevent adoption of the plan if it should "go too far toward political federation," Foreign Minister Stikker further commented that though the present plans seem to be militarily sound, he doubts their political feasibility. [redacted]

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Comment: For some time, the Dutch have taken the attitude that German membership in NATO is an essential element in NATO control of the European Defense Forces. The lack of Dutch enthusiasm for the plan stems from fear of domination by France and Germany, and for this reason the Netherlands has sought to establish a definite link between NATO and the EDF.

The Dutch have consistently objected to expansion of the EDF plans into political and economic spheres outside the original concept, and specifically oppose proposals for a common budget and a single high commissioner.

5. ITALY. Communists schedule peace rally for opening date of Rome NATO conference: The Communists have announced their intention to hold a peace partisans' rally in Rome concurrently with the NATO conference which opens 24 November. In a house-to-house campaign they are collecting peace signatures for forwarding to US representatives; they are arranging for transmission of telegrams from all parts of Italy to prominent persons abroad

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and in general stepping up their press campaign for peace. Government officials believe that leftist manifestations will be made principally through the Communist Youth Federation without resort to employment of the hard core of the paramilitary organization (apparato). The authorities are taking every precaution to insure maintenance of public order, even to the extent of considering a ban on the rally.

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Comment: A ban on the peace rally, particularly at this time, would tend to increase the popular appeal of the Communist peace campaign. According to the peace partisans, over 15 million Italians have signed their appeal for a peace pact among the Big Five.

6. Proposed rental increases to have minor effects on cost of living: The Italian Cabinet has approved a bill providing for rent increases. The present ban on evictions for lack of non-payment is extended for a two-year period. Rents will be increased 100 percent for luxury buildings, 50 percent for ordinary apartments; commercial rents will be increased 25 percent, and hotel rents 75 percent. One-half of the increase will represent a state tax for contribution to the government's housing funds. There is general dissatisfaction with the bill: on the part of the tenants because of the 50 percent increase, and on the part of the landlords because the ceilings are not removed from luxury buildings.

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Comment: The increases, which are not so large as they appear, will have little effect on the cost of living. Rents are still controlled at levels ranging between four and seven times those of 1938, while the general price level has increased 50 times. The retention of a rent ceiling on luxury apartments will tend to discourage further luxury apartment construction, the object of widespread criticism in postwar Italy.

7. SPAIN. Catalan Monarchists arrested: On 5 November Barcelona police arrested Monarchists connected with the clandestine pro-Don Juan monthly publication La Vispera. Six thousand copies of the November issue as well as correspondence with Cardinal Segura, the Abbot of Montserrat, and "other political personalities" were seized.

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Comment: This Monarchist group has apparently been under surveillance for some time. Information as to the nature of the seized correspondence is not available, but Cardinal Segura, a Monarchist of absolutist or "Carlist" tendency, is generally regarded as anti-Franco.

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8. PORTUGAL. Foreign Minister makes urgent bid for Mutual Security Act aid: The Portuguese Foreign Minister has asked the US Ambassador in Lisbon to transmit to Washington his government's urgent request for a share of the direct economic assistance authorized under the US Mutual Security Act. Pointing to the considerable gap existing between the budgetary defense expenditures recommended for Portugal through 1954 and the maximum contribution that can be made from his country's national resources, the Foreign Minister indicated the Portuguese Government's willingness to increase its military expenditures by matching dollar for dollar the amount of US financial assistance that would be forthcoming under MSA.

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Comment: Portugal's obligations under NATO require a level of military expenditure far in excess of its economic and financial capabilities. The Portuguese Government will not resort to deficit spending and increased taxation because of the economic and "political" risks involved. In its estimation, therefore, substantial foreign economic assistance is the only alternative to a curtailment in Portugal's defense requirements.


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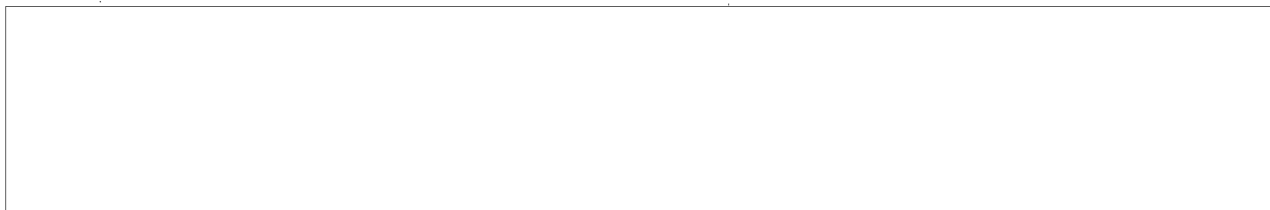


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10. . Aircraft exports reduce domestic military deliveries:
While aircraft exports were among those heading the list of record British exports for October, aircraft deliveries to the armed ~~services~~ are falling further behind schedule. 

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SECTION 2 (EASTERN)

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SECTION 3 (WESTERN)

2. GENERAL. Greece and Turkey to send observers to North Atlantic Council meeting in Rome: Invitations to the Greek and Turkish Governments to send observers to the North Atlantic Council meeting opening in Rome on 24 November were issued on 17 November by the Council chairman, Minister of External Affairs Pearson of Canada. The US Government's objection to the invitations was withdrawn in view of the unanimous approval of the eleven other NATO governments. [REDACTED]

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Comment: The treatment of Greece and Turkey as NATO "members-elect" has posed a delicate political problem: the protocol admitting these two nations has not yet been ratified by the US Senate or by several of the other national legislative bodies involved. All the Council Deputies except the American Deputy recently approved a proposal to invite Greece and Turkey to send observers. The US deputy has made clear that withdrawal of the American objection should not be taken as anticipating future US Senate action in any way.

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